

**OPENING STATEMENT OF
CONGRESSMAN PAUL E. KANJORSKI
COMMITTEE ON FINANCIAL SERVICES
HEARING ON PROTECTING INVESTORS AND
FOSTERING EFFICIENT MARKETS
WEDNESDAY, MAY 3, 2006**

Mr. Chairman, I join with my colleagues in welcoming Securities and Exchange Commission Chairman Christopher Cox to our panel. While many things in this room may look familiar to him and to us, he is now sitting on a different side of the table and serving in a different role. We should, therefore, expect him to have a different perspective on the issues that we once actively debated together.

I want to commend Chairman Cox for his hard work during his first few months at the Commission. Like a number of his predecessors, he has taken over the helm of the Commission during a challenging time, and I have been particularly impressed with his desire to improve financial disclosures for investors. He has also himself faced, and overcome, personal adversity. I hope that he now continues to enjoy good health for many years to come.

As I just mentioned, the Commission presently has before it a number of important issues. One of the key issues that Chairman Cox is addressing is the implementation of Section 404 of the Sarbanes-Oxley Act. I will be particularly interested in hearing his thoughts today about how we can improve the ability of companies both large and small to assess the accuracy of their internal controls without adding unnecessary costs.

Another issue that I hope that we will examine today concerns the evolving structure of our capital markets. The Commission has now approved many regulatory modifications to our National Market System, and our securities markets are now working to implement those changes. In addition, a number of our exchanges have gone public in recent months. These privatizations raise questions about the ability of exchanges to continue to protect investors at the same time as they work to maximize shareholder profits.

As Chairman Cox also knows, the oversight of credit rating agencies has recently been the subject of considerable discussion on Capitol Hill. The Commission has before it a proposed rule to address these matters. It is also discussing a voluntary agreement that would improve transparency and oversight of the credit ratings industry. Because we may soon consider a bill in this area, I would like to learn more about the status of these actions. The successful and speedy resolution of both the rulemaking and the voluntary agreement would, in my view, likely preclude the need for us to legislate on rating agencies.

One final issue that has attracted my attention in recent weeks concerns exchange-traded funds. These funds are increasingly popular with investors, growing nearly 200 percent between the end of 2002 and the end of 2005. It seems, however, that the process to review and approve ETF applications has not kept up with investor demand. In fact, I have heard that some applications have remained unresolved for years. I thus want to know what the Commission is doing to address these matters, consistent with its investor protection responsibilities.

In closing, Mr. Chairman, I look forward to hearing from our former colleague. I also hope that he will specifically advise us as to what the Commission is doing about the oversight of rating agencies and the process for approving exchange-traded funds.
